

**WESTCHESTER BUSINESS IMPROVEMENT
ASSOCIATION**

(A Not-For-Profit Organization)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

RICHARD MOON & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANT

WESTCHESTER BUSINESS IMPROVEMENT ASSOCIATION

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Independent Accountant's Review Report

Board of Directors
Westchester Business Improvement Association
Los Angeles, California

I have reviewed the accompanying statements of financial position of Westchester Business Improvement Association (a not-for-profit organization) as of December 31, 2011 and 2010 and the related statements of activities, functional expenses and cash flows, for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

The management of Westchester Business Improvement Association is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States and for designing, implementing, and maintaining, internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based upon my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States. .

Richard Moon & Associates

May 4, 2012

WESTCHESTER BUSINESS IMPROVEMENT ASSOCIATION

(A Not-For-Profit Organization)

STATEMENTS OF FINANCIAL POSITION

For the year ended December 31, 2011 and 2010

(See Accountants' Review Report and Accompanying Notes)

Assets

	<u>2011</u>	<u>2010</u>
Current assets		
Cash and Cash Equivalents	\$ 63,343	\$ 92,793
Total current assets	<u>63,343</u>	<u>92,793</u>
Total Assets	<u>\$ 63,343</u>	<u>\$ 92,793</u>

Liabilities and Net Assets

Liabilities		
Due to Triangle Association	\$ 120	\$ 1,000
Total current liabilities	<u>120</u>	<u>1,000</u>
Net Assets		
Temporarily Restricted Net Assets	-	-
Unrestricted Net Assets	<u>63,223</u>	<u>91,793</u>
Net assets	<u>63,223</u>	<u>91,793</u>
Total liabilities and net assets	<u>\$ 63,343</u>	<u>\$ 92,793</u>

WESTCHESTER BUSINESS IMPROVEMENT ASSOCIATION

(A Not-For-Profit Organization)

STATEMENTS OF ACTIVITIES

For the year ended December 31, 2011 and 2010

(See Accountants' Review Report and Accompanying Notes)

	2011		2010	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
UNRESTRICTED NET ASSETS				
Revenues				
Member assessments	\$ 285,414	94.9	\$ 254,978	87.6
Event income	15,168	5.0	18,510	6.4
Other income	60	0.0	17,445	6.0
	<u>300,642</u>	<u>100.0</u>	<u>290,933</u>	<u>100.0</u>
Contract services	-	-	9,616	3.3
Landscape Maintenance & Sanitation	125,046	41.6	92,245	31.7
Office & insurance	46,042	15.3	28,782	9.9
Administrative costs	60,000	20.0	60,000	20.6
Consulting services	8,717	2.9	9,916	3.4
Operations	38,269	12.7	39,100	13.4
Marketing	51,137	17.0	66,563	22.9
	<u>329,211</u>	<u>109.5</u>	<u>306,223</u>	<u>105.3</u>
Change in net assets from operations	(28,570)	<u>(9.5)</u>	(15,290)	<u>(5.3)</u>
Net assets, beginning of year	91,793		107,083	
Net assets, end of year	<u>\$ 63,223</u>		<u>\$ 91,793</u>	

WESTCHESTER BUSINESS IMPROVEMENT ASSOCIATION

(A Not-For-Profit Organization)

STATEMENTS OF FUNCTIONAL EXPENSES

Supporting Services

For the year ended December 31, 2011 and 2010

(See Accountants' Review Report and Accompanying Notes)

	2011		2010	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Office and Insurance				
Insurance	\$ 8,901	3.0	\$ 7,052	2.4
Bid Renewal	17,690	5.9	7,171	2.5
Office Supplies	6,747	2.2	7,435	2.6
Printing and Copying	764	0.3	242	0.1
Newsletter	7,730	2.6	2,681	0.9
Rent	4,200	1.4	4,200	1.4
Federal & State Fee	10	0.0	-	-
	<u>\$ 46,042</u>	<u>15.3</u>	<u>\$ 28,782</u>	<u>9.9</u>
Administrative Costs				
WBIA Executive Director	<u>\$ 60,000</u>	<u>20.0</u>	<u>\$ 60,000</u>	<u>20.6</u>
Consulting Service				
Accounting / CPA	<u>\$ 8,717</u>	<u>2.9</u>	<u>\$ 9,916</u>	<u>3.4</u>
Marketing Expense				
Advertising	\$ 6,650	2.2	\$ 3,036	1.0
Website Project	3,010	1.0	9,123	3.1
New Business Attraction	396	0.1	10,000	3.4
Halloween Event	28,243	9.4	33,874	11.6
Painting Event	5,800	1.9	5,800	2.0
Other	7,038	2.3	4,731	1.6
	<u>\$ 51,137</u>	<u>17.0</u>	<u>\$ 66,563</u>	<u>22.9</u>
Contract Services				
CSI Electrical Contract Services	\$ -	-	\$ 4,616	1.6
Non-Sepulveda Contract Services	-	-	5,000	1.7
	<u>\$ -</u>	<u>-</u>	<u>\$ 9,616</u>	<u>3.3</u>

WESTCHESTER BUSINESS IMPROVEMENT ASSOCIATION

(A Not-For-Profit Organization)

STATEMENTS OF FUNCTIONAL EXPENSES

Supporting Services (Continued)

For the year ended December 31, 2011 and 2010

(See Accountants' Review Report and Accompanying Notes)

	2011		2010	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Operations				
Electrical Facilities	\$ 546	0.2	\$ 5,158	1.8
Security	35,784	11.9	15,154	5.2
Design & Layout	-	-	18,331	6.3
Other	1,939	0.6	457	0.2
	<u>\$ 38,269</u>	<u>12.7</u>	<u>\$ 39,100</u>	<u>13.4</u>
Landscape Maint. & Sanitation				
Non- Sepulveda	\$ 33,347	11.1	\$ 29,108	10.0
Sepulveda	91,699	30.5	63,137	21.7
	<u>\$ 125,046</u>	<u>41.6</u>	<u>\$ 92,245</u>	<u>31.7</u>

WESTCHESTER BUSINESS IMPROVEMENT ASSOCIATION

(A Not-For-Profit Organization)

STATEMENTS OF CASH FLOWS

(A Not-For-Profit Organization)

For the year ended December 31, 2011 and 2010

(See Accountants' Review Report and Accompanying Notes)

	<u>2011</u>	<u>2010</u>
Cash flows from (used in) operating activities:		
Increase (decrease) in net assets	\$ (28,570)	\$ (15,290)
Increase (decrease) in liabilities	<u>(880)</u>	<u>-</u>
Net cash provided by (used in) operating activities	(29,450)	(15,290)
Cash flows from investing activities	-	-
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	(29,450)	(15,290)
Cash at beginning of year	<u>92,793</u>	<u>108,083</u>
Cash at end of year	<u>\$ 63,343</u>	<u>\$ 92,793</u>

WESTCHESTER BUSINESS IMPROVEMENT ASSOCIATION

(A Not-For-Profit Organization)
Notes To Financial Statements
December 31, 2011 and 2010
(See Accountants' Review Report)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activities

Westchester Business Improvement Association (WBIA) was organized as a nonprofit mutual benefit corporation in February 2007 with its primary purpose to "enhance the commercial viability of the Westchester area." The majority of the board members own or manage real property within the WBIA boundaries.

Property and Business Improvement District

On April 5, 2007 the City of Los Angeles established a Property and Business Improvement District (PBID) under the laws of the state of California and entered into an agreement with WBIA. The original term of the agreement was January 1, 2007 through December 31, 2011. The term was extended through December 31, 2021 by the Los Angeles City Council on August 22, 2011. Under the agreement, WBIA is responsible for developing, implementing, directing and operating the PBID programs in accordance with the Management District Service Plan pursuant Section 36600, *et seq.* of the California Streets and Highways Code and the City of Los Angeles Ordinance No. 173,483.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized in the accounting period in which the liability is incurred.

Financial Statement Presentation

WBIA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted assets.

**WESTCHESTER BUSINESS IMPROVEMENT
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(A Not-For-Profit Organization)
Notes To Financial Statements
December 31, 2011 and 2010
(See Accountants' Review Report)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

The largest source of revenue for WBIA is the annual assessment of its members.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, WBIA considers all highly liquid investments with an original maturity of three months or less to be cash.

Reclassifications

Certain amounts from the prior year have been reclassified to conform with the current year presentation.

NOTE 2: INCOME TAXES

WBIA is exempt from federal income taxes under Section 501(c) (6) of the Internal Revenue Code. The exemption was approved by the Internal Revenue Service on April 16, 2008 and is retroactive to inception. It is also exempt from state franchise taxes.

NOTE 3: CONCENTRATION OF CREDIT RISK

WBIA maintains its cash balance in financial institutions located in Los Angeles, California. The Federal Deposit Insurance Corporation insures balances up to \$250,000. As of December 31, 2011 and 2010 WBIA has no significant concentrations of credit risk.

WESTCHESTER BUSINESS IMPROVEMENT ASSOCIATION

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Notes To Financial Statements
December 31, 2011 and 2010
(See Accountants' Review Report)

NOTE 4: RELATED PARTY TRANSACTIONS

The corporate offices of WBIA are located in a building owned by one of its members. The rent expense for 2011 and 2010 was \$4,200. The agreement is renewable on an annual basis, with the rent due for 2012 of \$4,200.

NOTE 5: RISK MANAGEMENT

WBIA purchases commercial insurance as its method of defraying risk of losses from natural causes, general liabilities and theft. The organization assumes any liability for any deductible and claims in excess of coverage limitations.

NOTE 6: OTHER INCOME

Other income is comprised of the follow major categories:

	<u>2011</u>	<u>2010</u>
Event Income	\$15,168	\$18,510
Insurance Refund	60	4,363
Special Grants	<u>-</u>	<u>13,082</u>
	\$15,228	\$35,955

NOTE 7: SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 4, 2012, the date the financial statements were available to be issued.